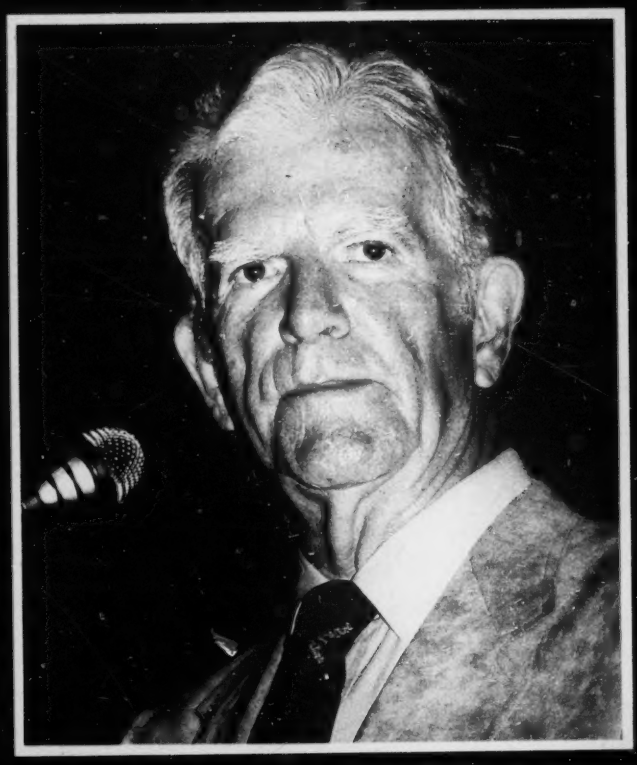
C8910-1A
3/16/88

Military Market
MAGAZINE FOR THE MILITARY RESALE SYSTEM
ARMY TIMES PUBLISHING COMPANY
MARCH 1988 $4.00

A gentleman's gentleman, a legislator's legislator



Dan Daniel of Virginia
(1914-1988)

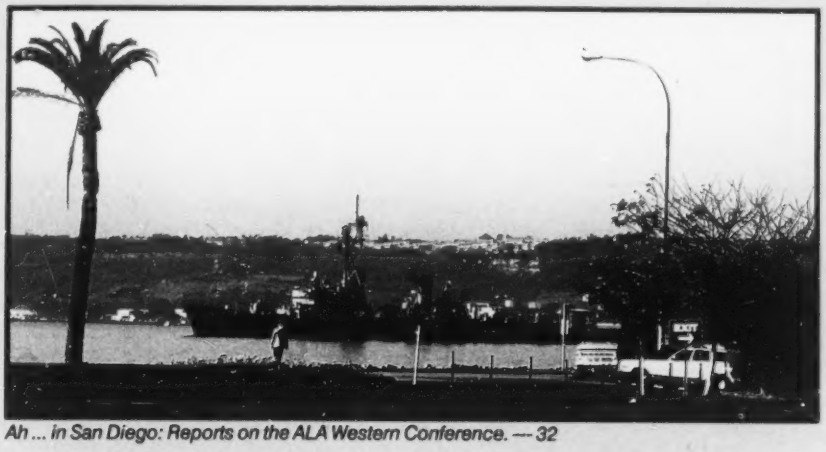
MMMD20814 0388 3 03 C 01
CONG INFO SVC-STAT REF
KEVIN KENDRICK
4520 E WEST HWY-#800
BETHESDA MD 20814

"So my memory of Dan Daniel will be memories of gratitude—that I knew him and that perhaps a portion of his character may become a part of me."

Rep. Bill Nichols

contents

MARCH 1988 VOL. 39, NO. 3



Ah ... in San Diego: Reports on the ALA Western Conference. — 32

4 **News** — Rep. Leath takes over MWR subcommittee; Rep. Mavroules, the Readiness panel. Senate confirms Grant S. Green, Jr., as the Pentagon's top manpower official. And AAFES raises the prices of its USA burgers — but not its Japanese goods.

14 **Update** — Help is sorely wanted; rackjobbing offers a solution.

17 **COVER STORY** — **Rep. Dan Daniel: Gentleman legislator**

22 **Market Report** — Cleaning supplies: Laundry pouches make a splash.

26 **Market Report** — Diet Foods: Some more comments on sweeteners and salt.

29 **Update** — Southeast topics for TSA.

31 **On-the-Scene Report** — At the American Logistics Association's Western conference.

36 **Update** — AFCOMS' present future: The worldwide commissary officers conference.

38 **System of the Month** — NAVRESSO's communication group wants everyone to know.

42 **Promos**

44 **Supplier Notes/ Troop Maneuvers**

45 **Military Market Index**

46 **Calendar**

47 **Com-Ex Comix/Ad Index**

48 **The Last Word**

COVER DESIGN BY PAUL JORDAN; COVER PHOTO BY KATE PATTERSON

Military Market
serving the military resale system

EDITOR
Nancy Tucker

MANAGING EDITOR
Robert A. Devaney

ASSOCIATE EDITORS
Beverly Jones, Gregory Wright

OFFICE MANAGER
Pattie Lykins

NEWS SERVICE
P. J. Budahn, Editor; Rick Maze, Vesta Kimble, Marie Ferrey, Grant Willis, John Burlage

GRAPHICS EDITOR
Donna M. Peterson

ART DIRECTOR
Miriam MacPherson

STAFF PHOTOGRAPHERS
Kate Patterson, Geoffrey S. Baker, William S. Kalis

ADVERTISING MANAGER
Herbert Jacobs

CIRCULATION MANAGER
Joan C. Gleoggler

ADVERTISING PRODUCTION
Ann-Marie Saunders

EDITORIAL PRODUCTION
Don Ponton

EXECUTIVE OFFICES
6883 Commercial Drive
Springfield, Virginia 22159-0210
(703) 750-8676

ADVERTISING SALES OFFICES
1 Citicorp Center
153 East 53rd Street
New York, New York 10022
(212) 753-1040

EXECUTIVE EDITOR
James S. Doyle

ADVERTISING DIRECTOR
Nat Kornfeld

Copyright 1988, The Times Journal Co., Army Times Publishing Co. — Trade Division. The material in this publication is copyrighted and may not be reproduced in whole or part without written permission of the publisher.

MILITARY MARKET (USPS 911-580): Published 12 times a year by the Army Times Publishing Co., a division of The Times Journal Co., Springfield, Va. 22159-0210. Single copies: $4; except January Buyers Guide, July Directory: $10 each. Subscriptions: 1 year, $35 (outside U.S., $45.); 2 years, $60 (outside U.S., $75); 1 year, outside U.S. via airmail, $180. Second class postage paid at Springfield, Va., and additional mailing offices.
POSTMASTER: Send address changes to Military Market Magazine, Springfield, Va. 22159-0210.

Anchoring the NAVRESSO Image

Until recently, many customers didn't know what was happening in Navy exchanges. Not anymore. Navy Resale's communications group is now letting everyone know about the exchanges and finding out a lot about the customers, too.

NAVRESSO's Communications Division is a multi-faceted department that wears a lot of hats.

Besides doing media relations and producing promotional videos, the division also conducts market research through special customer focus groups and panels and coordinates the agency's direct mail program.

Eileen Siegel, deputy commander of the division, told MILITARY MARKET during an interview last month that original planning of these activities is done in-house. However, outside agencies often complete the finished product.

"We [in CD] are basically a pool of professionals and specialists in areas of marketing," said Siegel, who is a civilian. "The actual hands-on portion of the work is contracted-out to other professional services or companies."

Contracted-out activities include video and packaging design, market research, advertising, sales promotion and direct mail.

The Communications Division is made up of four specialized groups:

☐ Market research, private label promotion and research, and sales promotion activities are the realm of the Marketing group.

☐ The Sales Management/Audio Video group produces videos for in-store commercials (which the communications people call "infomercials"), employee training and in-house news programs.

☐ The Public Affairs branch handles internal and external publications and coordinates media and government relations and publicity.

☐ The Customer Relations/Consumer Awareness branch is responsible for providing product and service information to stores and customers.

While duties vary, all parts of the division work together to promote the image of NAVRESSO, gathering information to help NAVRESSO know more about its customer base, increase sales and gain a competitive edge in the marketplace.

Attitude surveys conducted in the early 80's revealed that customers were often in the dark about a lot of things which were happening in Navy exchanges. Some shoppers (mostly retirees) were even unaware that they had exchange privileges.

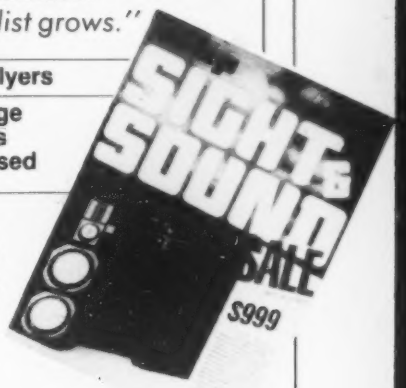
Other customers didn't know about upcoming exchange sales or that Navy exchanges have such amenities as florists, optical departments and watch repair services.

By Gregory Wright, Associate Editor

SALES RESULTS OF THE NAVRESSO FLYER EVENTS

Mailings cause hikes in spending and number of items purchased. NAVRESSO expects "positive reaction to continue as mailing list grows."

	Persons Receiving Flyer		Persons Not Receiving Flyers	
Event	Average Dollars Spent	Average Items Purchased	Average Dollars Spent	Average Items Purchased
Mother's Day	$35	4.5	$23	3.4
Sight and Sound	$57	3.7	$31	3.6
Father's Day	$35	3.8	$23	3.2
Back-to-School	$37	4.5	$21	3.3



NOTE: BASED ON 400 EXIT INTERVIEWS CONDUCTED DURING 1987 AT EACH OF THESE LOCATIONS: NS SAN DIEGO, NS NORFOLK, NAS JACKSONVILLE, NMC BETHESDA AND NSB BANGOR.
SOURCE: INFORMATION FOR ALL CHARTS BASED ON INFORMATION PROVIDED BY NAVRESSO.

"Customers were indeed unaware of the sales events unless they visited the store," said Siegel.

"Some customers felt that — by the time they got to the store — they [the store] were out of the sales event merchandise, and therefore they were at a disadvantage."

Keeping a Direct Mail Program Direct

The Marketing Group launched the direct mail program in 1986 to tell these customers about the sales and thus to increase Navy exchange sales.

Under the direct mail program, authorized customers ask to be placed on a mailing list by responding to an invitation which was mailed to them. They can also sign up at a local exchange.

The program is only for exchange merchandise.

By law, commissaries are forbidden to advertise. However, NAVRESSO officials hope for some spin-off in commissary traffic from the exchange mailings.

NAVRESSO got its original mailing list from the Defense Manpower Data Center, which provided the Navy with a list of the names and addresses of 5.3 million military active duty, retiree and reserve sponsors eligible to be on the direct mail list. *[See table on page 41.]*

Since February 1987, NAVRESSO has used and revised that original list, mailing almost 4 million national circulars and promotional materials to customers. Field support offices have also begun using the list for regional mailings.

Although the DMDC list of names and addresses was free for the asking, compiling it to meet NAVRESSO standards has been no easy task. The Communications Division has used a contractor to houseclean the listing and verify that all respondents are authorized shoppers.

"It isn't so much obtaining the mailing list and sending the mailing to people and then [doing] the market research," said Siegel. "One of the more important things is to keep it alive and in A-1 shape."

To keep the file in top condition, NAVRESSO contracted with Creative Technical Services of Farmingdale, N.Y., to housekeep the list and keep it accurate.

The initial cost of setting up the mailing list was $1.2 million. This included developing signup cards, in-store promotional posters and leaflets, plus the cost of postage and the cleansing of return mail.

Siegel said the work is still going on.

"We're still doing a computer run [on the list]," Siegel said. "We would say it isn't 100 percent clean — it has a 10 to 20 percent erase on active duty."

NAVRESSO's Eileen Siegel: "We are basically a pool of professionals and specialists in areas of marketing."

In part, this is because active duty personnel are so transient; they're not always at home with a post office box. The training schools also must be segmented out.

Besides cleaning the mailing list, CD's Marketing Group has also narrowed its scope — invitations to get on the mailing list have been offered only to sponsors of military families who live within a 50-mile radius of a ConUS exchange instead of to all eligible customers worldwide. Zip codes are used to segment the list.

Research Says: Advance Info = Increased Sales

So far, the response has made the extra effort worthwhile. Of 1.8 million potential customers who were asked if they wanted to be on a Preferred Customer Mailing List, almost 19 percent responded — about 400,000. This is an unusually high return rate. Most direct mail invitations return only three percent to four percent, Siegel said.

Officials in the Marketing Group predict that the number of people on the mailing list could eventually exceed 900,000. And the market areas of eligible customers could be expanded to 100 miles instead of the current 50.

Has the direct mail program had any effect on shopper habits?

Market research at five Navy exchanges indicates that people who receive advance information about special exchange sales are more likely not only to make purchases, but to spend more money when they do. *[See table on page 39.]*

Officials said direct mail gives Navy exchange customers more time to decide and plan for their purchase of more expensive items.

Being on the mailing list also means that customers can receive special coupons entitling them to additional savings, special giveaways and "mystery merchandise specials."

Focus Groups Report "Both Good, Bad"

Focus groups and consumer panels do more than give customers an opportunity to heap complaints and praise on Navy exchanges. They also give the Communications Division a ready pool of information and an accurate, up-to-the-minute gauge of customer reactions.

"One of the things we found over the years is our customers at the exchange and commissary are very happy to take part in research and tell us what they think of the stores," Jerry Armer, one of CD's two market research specialists, told MILITARY MARKET. Survey respondents report "Both the good, the bad, and what they like and don't like about the programs. They are very helpful."

CD also conducts in-store interviews of exchange shoppers. However, officials say focus groups are better than personal interviews because:

- ☐ The combined effort of the group produces a wider range of information, insights and ideas;
- ☐ The comments of one person often triggers responses from others;
- ☐ Response is more spontaneous, less conventional, and more accurate;
- ☐ One interviewer, though more highly-paid, interviews more than one person simultaneously;
- ☐ Focus meetings can be videotaped or tape-recorded and rechecked for greater accuracy.

During a focus group session, a small gathering of exchange or commissary customers is asked questions about new programs, product lines or private label items, such as Harbor View and Kids Ahoy, NAVRESSO's upcoming line of children's clothing. The groups average 13 members.

Customers are recruited for focus groups by interviewers at the exchanges and commissaries taking part in the program. Participants are given $25 cash incentives or $25 gift certificates for their services, but they aren't told about the award until the meetings are over.

Participants aren't told in advance about the reward, because "when they know what's at the end of the rainbow, they'll be there even if they have nothing to say," said Armer. "We want to qualify them and bring them in as unbiased as possible."

Focus group meetings take place both during the day and in the evening, depending on the demographics of the group recruited. The hardest to recruit are young enlisteds, who sometimes say they will come but can't show up because of their schedules. Anticipating no-shows, focus group coordinators often oversubscribe meetings.

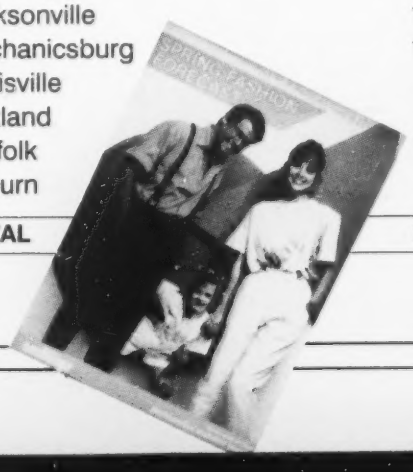
Once interviewers gather the information, the data is broken down by rank or dependent status. According to Armer, other "demographic slices" can be done, depend-

TOP TEN STATES Represented in Mailing List
(% of Total)

California	25.5
Virginia	11.4
Florida	10.7
Washington	5.9
Maryland	5.3
New York	4.0
New Jersey	3.7
Pennsylvania	3.6
Texas	3.6
Hawaii	3.5
TOTAL	**77.2**

PERCENT OF MAILING LIST For Each FSO

San Diego	15.2
Jacksonville	11.6
Mechanicsburg	10.6
Davisville	9.8
Oakland	6.3
Norfolk	5.8
Auburn	5.4
TOTAL	**64.7**



TOTAL POTENTIAL CUSTOMER BASE
By Branch of Service and Status of Military Sponsor
(Total number is 5,310,290.)

	ARMY	NAVY	AIR FORCE	MARINE	OTHER
Active Duty	750,583	582,117	632,448	195,678	
Retirees	525,532	388,115	540,611	86,278	
Active Reserves	309,477	142,507	78,023	41,489	557,384
Retired Reserves	335,653	54,308	77,446	12,641	
TOTAL	**1,921,245**	**1,167,047**	**1,328,528**	**336,086**	**557,384**

ing on the type of study being done or the focus group's makeup.

"I think a lot depends on the area that we're looking at," Armer said. "It depends on the focus group, and it depends on the subject."

Consumer Panels Reveal Long-Term Details

Unlike focus groups, which are generally one-shot events, panel surveys are conducted over one- to three-year periods. The Communications Division plans to use information gathered from consumer panels to gauge changes in customer attitudes over time.

"Basically, a panel is a way of getting information over a period of time on a set group of individuals," said Market Research Specialist Linda Dunlea. "We're looking to this for a long-term project to enable us, as we test their marketing strategy, to evaluate the effectiveness of them."

Because military servicemembers and their family members move so often, panels are also good indicators of how attitudes can change when respondents live on different bases.

Navy panel surveys were tested at the NB Charleston, S.C., and NAS Moffett Field, Calif., early last year. Because the surveys cover such a lengthy period, the Communications Division wanted to know if customers would accept them before it launched a full-blown program.

"We tested [panel surveys] to see if our people can be recruited as easily as the regular consumer, and if they would stay with it," said Armer. "The test was very positive."

Panels can be conducted in various ways. In some, interviewers call back the participants on a periodic basis and ask them questions about programs or products. In other panels, participants fill out detailed diaries that record what kinds of items they buy.

Dunlea said NAVRESSO's panel groups will be conducted differently than conventional civilian ones and will contain questions on exchanges, commissaries, Navy lodges and liquor stores as well as product purchase.

"We're looking at a very detailed attitude and usage type study whereby we try to find a blanket, in-depth questionnaire asking everything we can possibly get to find out about them."

This "in-depth questionnaire" will contain topics, such as buying habits, attitudes toward stores, comparisons with competitors and shopping convenience.

Once the panel program is underway, the Communications Division hopes to recruit about 10,000 participants from its direct mailing list of about 400,000 names. MM

Videos: A Quick Sell

A family, exhausted and irritable from a long day on the road, tries to check in at a Navy lodge registration desk.

"I'm sorry, but we don't have any record of your reservation," says an obviously impatient desk clerk. "You'll just have to go someplace else. There are other motels around here."

A wild look of desperation and anger appears on the father's face. "What kind of a place is this?" he seethes. "I made reservations last month!"

CD is now using videos to help NAVRESSO employees handle situations like this. Videos act as educational media, offering solutions to common causes of customer complaints.

In "Navy Lodge Guest Relations," an 11-minute customer service video, registration clerks are encouraged to be courteous to customers.

Videos offer a quick way to train new employees. Most exchanges have video cassette recorders on the salesfloor or in the main business office.

"We find people that have the ability to spend five minutes relaxing watching a monitor absorbing information that is creatively as well as verbally significant to them, will pay more attention to what is presented to them, as well as find it more meaningful than to read the information," Eileen Siegel told MILITARY MARKET.

Videos are used for more than training. Promotional "infomericals" spotlighting private labels like Harbor View cookware and fashions are played on exchange sales floors.

A Navy Resale System "Overview," which runs about 10 minutes, is shown to future vendors or suppliers who don't know how NAVRESSO functions. Siegel said the video saves her time when she has to make business presentations.

"I personally found that, when I was going out into the market to various professional companies, it took me close to an hour and a half to explain what the Navy Resale System is," she said.

Some NAVRESSO videos are written and filmed in-house by audio/visual specialists Michael Folso and Raymond Vargas. However, depending on program and format, videos can also be contracted out to outside professional firms.

Military Market index

COMMISSARIES

		NOVEMBER			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$149,558	$155,944	-4.10	$1,765,621	$1,715,079	2.95
	OVERSEAS	29,647	31,605	-6.20	375,078	333,359	12.51
AIR FORCE	**TOTAL**	**180,687**	**187,550**	**-3.66**	**2,142,182**	**2,048,439**	**4.58**
	CONUS	108,990	112,000	-2.69	1,238,265	1,208,095	2.50
	OVERSEAS	40,635	38,000	6.93	440,790	394,790	11.65
ARMY	**TOTAL**	**149,625**	**150,000**	**-0.25**	**1,679,055**	**1,602,885**	**4.75**
	CONUS	62,632	61,203	2.33	691,678	662,954	4.33
	OVERSEAS	6,767	6,792	-0.37	77,171	74,475	3.62
NAVY	**TOTAL**	**69,399**	**67,995**	**2.06**	**760,850**	**736,429**	**3.32**
	CONUS	12,485	13,485	-7.42	147,770	151,959	-2.76
	OVERSEAS	275	254	8.27	3,105	2,874	8.04
MARINE CORPS	**TOTAL**	**12,761**	**13,739**	**-7.12**	**151,876**	**154,833**	**-1.91**
	CONUS	250	242	3.31	2,753	2,821	-2.41
	OVERSEAS	331	314	5.41	3,352	3,218	4.16
COAST GUARD	**TOTAL**	**581**	**556**	**4.50**	**6,105**	**6,041**	**1.06**
	CONUS	$333,915	$342,874	-2.61	$3,846,087	$3,740,908	2.81
ALL	OVERSEAS	$77,655	$76,965	0.90	$899,496	$808,716	11.23
COMMISSARIES	TOTAL	**$411,570**	**$419,839**	**-1.97**	**4,745,583**	**$4,549,624**	**4.31**
GROCERY STORES	*U.S.[1]*	*$23.763*	*$23.539*	*0.95*	*$262.352*	*$254.693*	*3.01*

EXCHANGES

		NOVEMBER			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$295,080	$274,895	7.34	$2,887,937	$2,661,700	8.50
	OVERSEAS	230,208	193,891	18.73	2,188,831	1,875,445	16.71
AAFES	TOTAL	**525,287**	**468,786**	**12.05**	**5,076,768**	**4,537,146**	**11.89**
	CONUS[2]	110,561	100,654	9.84	1,046,861	973,042	7.59
	OVERSEAS[2]	44,842	41,655	7.65	449,959	426,151	5.59
NAVY	TOTAL[2]	**155,403**	**142,309**	**9.20**	**1,496,820**	**1,399,193**	**6.98**
	CONUS	32,266	31,449	2.60	323,915	311,739	3.91
	OVERSEAS	5,424	4,723	14.84	55,683	53,406	4.26
MARINE CORPS	TOTAL	**37,690**	**36,172**	**4.20**	**379,598**	**365,146**	**3.96**
	CONUS[3]	7,266	7,414	-2.00	73,426	74,924	-2.00
	OVERSEAS[3]	541	552	-1.99	5,469	5,579	-1.97
COAST GUARD	TOTAL[3]	**7,807**	**7,966**	**-2.00**	**78,895**	**80,503**	**-2.00**
	CONUS[4]	1,829	1,757	4.10	14,815	13,978	5.99
	OVERSEAS[4]	2,974	2,918	1.92	24,648	33,125	-25.59
MAIL ORDER	TOTAL[4]	**4,803**	**4,675**	**2.74**	**38,462**	**47,103**	**-18.34**
	CONUS	$447,002	$416,169	7.41	$4,346,954	$4,035,383	7.72
	OVERSEAS	$283,989	$243,739	16.51	$2,724,590	$2,393,706	13.82
ALL EXCHANGES	TOTAL	**$730,991**	**$659,908**	**10.77**	**$7,071,544**	**$6,429,089**	**9.99**
DEPARTMENT STORES	*U.S.[1]*	*$14.016*	*$13.249*	*5.79*	*$118.168*	*$111.626*	*5.86*

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.